

Idaho Public Utilities Commission

Case No. IPC-E-13-24, Order No. 32986

March 3, 2014

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Commission OKs Idaho Power sales agreement with Bannock County landfill-to-gas plant

The Idaho Public Utilities Commission has approved a 20-year sales agreement between Idaho Power Company and Bannock County's landfill-to-gas energy plant near Pocatello.

Bannock County plans to initially install a 1.6-megawatt generation unit and then install another 1.6-MW unit within five years. The scheduled operation date for the first phase is May 1.

The Bannock County facility qualifies under the provisions of the Public Utility Regulatory Policies Act of 1978, or PURPA. The act requires that electric utilities offer to buy power produced from qualifying small-power producers. The rate to be paid small-power producers is determined by the commission and is called an "avoided-cost rate" because it is to be equal to the cost the electric utility avoids if it would have had to generate the power itself or purchase it from another source. The commission must ensure the avoided-cost rate is reasonable for utility customers because 100 percent of the price utilities pay to qualifying small-power producers is included in customer rates.

The agreement includes "non-levelized" payments from Idaho Power to Bannock County that gradually increase throughout the life of the contract. Beginning this year, the avoided-cost rate for projects of this type is \$42.35 per megawatt-hour, though that amount is adjusted slightly downward during light-load hours of the day and season and upward during heavy-load hours and seasons. In 2033, at the end of the contract, the price would be \$99.72 per MWh.

A full text of the commission's order, along with other documents related to this case, is available on the commission's Web site at www.puc.idaho.gov. Click on "Open Cases" under the "Electric" heading and scroll down to Case Number IPC-E-13-24.

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